

90TH CONGRESS
1ST SESSION

H. R. 10912

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1967

Mr. DANIELS (by request) introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 8331 of title 5, United States Code, is
4 amended—

5 (1) by striking out “and” at the end of paragraph
6 (15);

7 (2) by striking out the period at the end of para-
8 graph (16) and inserting a semicolon in place thereof;
9 and

10 (3) by adding the following new paragraphs after
11 paragraph (16):

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1 “(17) ‘Normal cost’ means the entry-age normal
2 cost computed by the Civil Service Commission in ac-
3 cordance with generally accepted actuarial practice and
4 expressed as a level per centum of aggregate basic pay.

5 “(18) ‘Fund balance’ means the sum of (A) the
6 investments of the fund calculated at par value, and
7 (B) the cash balance of the fund on the books of the
8 Treasury.

9 “(19) ‘Unfunded liability’ means the estimated ex-
10 cess of the present value of all benefits payable from
11 the fund to present and former employees and mem-
12 bers subject to this subchapter and to their survivors
13 over the sum of—

14 “(A) the present value of deductions to be
15 withheld from the future basic pay of employees
16 and Members currently subject to this subchapter
17 and of future agency contributions to be made in
18 their behalf; plus

19 “(B) the present value of Government pay-
20 ments to the fund under section 8348 (f) and (g)
21 of this title; plus

22 “(C) the fund balance as of the date the
23 unfunded liability is determined; and

24 “(20) ‘employee equity’ means the estimated total
25 of lump-sum credits and voluntary contribution accounts

1 of present and former employees and Members, less the
2 estimated total of annuity payments made to them and
3 chargeable to the credits and accounts."

4 SEC. 2. Section 8334 of title 5, United States Code, is
5 amended—

6 (1) by amending subsection (a) to read:
7 “(a) (1) The employing agency shall deduct and withhold 6½ per centum of the basic pay of an employee and 7½ per centum of the basic pay of a Member. An equal amount shall be contributed from the appropriation or fund used to pay the employee or, in the case of an elected official, from an appropriation or fund available for payment of other salaries of the same office or establishment. When an employee in the legislative branch is paid by the Clerk of the House of Representatives, the Clerk may pay from the contingent fund of the House the contribution that otherwise would be contributed from the appropriation or fund used to pay the employee.

19 “(2) The percentage of deductions and contributions prescribed by paragraph (1) of this subsection shall be adjusted by the Civil Service Commission as necessary to meet fully the normal cost of the benefits then in effect. Any such adjustment shall become effective with the first full pay period in the calendar year beginning after the date of publication in the Federal Register. The same percentage

1 adjustment shall be applied to each percentage prescribed
2 by paragraph (1) of this subsection and shall be fixed at
3 the nearest multiple of one-fourth of 1 per centum.

4 “(3) The amounts so deducted and withheld, together
5 with the amounts so contributed, shall be deposited in the
6 Treasury of the United States to the credit of the fund
7 under such procedures as the Comptroller General of the
8 United States may prescribe. Deposits made by an employee
9 or Member also shall be credited to the fund.”

10 (2) by inserting in subsection (c), immediately before
11 the colon, the following: “, plus each increase in the deduc-
12 tion percentage prescribed under subsection (a) (2) of this
13 section for periods of service to which the increase applies.”

14 SEC. 3. Section 8348 of title 5, United States Code, is
15 amended—

16 (1) by amending subsection (a) to read:

17 “(a) There is a Civil Service Retirement and Disability
18 Fund. The fund is appropriated for the payment of—

19 “(1) benefits as provided by this subchapter; and

20 “(2) administrative expenses incurred by the Civil
21 Service Commission in placing in effect each annuity
22 adjustment granted under section 8340 of this title; and

1 “(3), under such procedures as the Chairman of
2 the Civil Service Commission may approve, benefits
3 provided for Foreign Service beneficiaries that were
4 formerly payable from the Foreign Service retirement
5 and disability fund; and is made available, subject to
6 such annual limitation as the Congress may prescribe,
7 for any expenses incurred by the Civil Service Commis-
8 sion in connection with administration of this or other
9 retirement and annuity statutes.”

10 (2) by striking out subsections (f) and (g) and
11 inserting in place thereof:

12 “(f) Any statute that authorizes—

13 “(1) new or liberalized benefits;

14 “(2) extension of coverage to new groups of em-
15 ployees;

16 “(3) annuity increases, other than adjustments un-
17 der section 8340 of this title; or

18 “(4) increases in pay on which benefits are com-
19 puted;

20 shall authorize appropriations to the fund to finance the un-
21 funded liability created by that statute, beginning on the
22 date the statute becomes effective and continuing over a

1 thirty-year period, in accordance with the following
2 schedule:

"THIRTY INSTALLMENTS, INCREASING-PAYMENT AMORTIZATION SCHEDULE FOR
EACH \$1,000,000 INCREMENT OF UNFUNDED LIABILITY AT 3 1/4 PER CENTUM IN-
TEREST, FIRST PAYMENT DUE ON EFFECTIVE DATE OF LEGISLATION CREATING
UNFUNDED LIABILITY

"Year:	Annual payment
1	\$1,051
2	8,102
3	12,153
4	16,205
5	20,256
6	24,307
7	28,358
8	32,409
9	36,460
10	40,511
11	44,562
12	48,613
13	52,665
14	56,716
15	60,767
16	64,818
17	68,869
18	72,020
19	76,971
20	81,023
21	85,074
22	89,125
23	93,176
24	97,227
25	101,278
26	105,329
27	109,380
28	113,431
29	117,483
30	121,534

3 "(g) In any fiscal year in which the Civil Service Com-
4 mission estimates that the fund balance at the end of the
5 year will be less than the employee equity at that date, or
6 that the fund balance at the end of the year will be less than

1 at the end of the preceding fiscal year, the Commission
2 shall—

3 “(1) notify the Secretary of the Treasury, and the
4 Secretary, before closing the accounts for the year, shall
5 credit to the fund, as a Government contribution, out of
6 any moneys in the Treasury not otherwise appropriated,
7 such sum as may be necessary to make the fund balance
8 at the end of the fiscal year equal to the employee equity
9 at that date or to the fund balance at the end of the pre-
10 ceding fiscal year, whichever is the greater; and

11 “(2) report to the President and to Congress any
12 sums credited to the fund under this subsection.

13 “(h) For the purpose of this section, and in estimating
14 the unfunded liability and the employee equity, the Com-
15 mission may take into consideration the effect on the fund
16 of benefits provided for Foreign Service beneficiaries that
17 were formerly payable from the Foreign Service Retirement
18 and Disability Fund.”

19 SEC. 4. The proviso under the heading “PAYMENT TO
20 CIVIL SERVICE RETIREMENT AND DISABILITY FUND” in sec-
21 tion 101, title I of the Act of August 17, 1961 (Public Law
22 87-141; 75 Stat. 345), is repealed.

1 SEC. 5. (a) The Secretary of the Treasury shall trans-
2 fer the gross assets of the Foreign Service Retirement and
3 Disability Fund to the Civil Service Retirement and Disability
4 Fund. All moneys thereafter deducted, contributed, or depos-
5 ited by or on behalf of participants in the Foreign Service
6 Retirement and Disability System shall be deposited in the
7 Treasury of the United States to the credit of the Civil
8 Service Retirement and Disability Fund.

9 (b) The Secretary of State shall continue to administer
10 the Foreign Service Retirement and Disability System as
11 provided by section 801 of the Foreign Service Act of
12 1946, 60 Stat. 1019 (22 U.S.C. 1061), and shall report
13 annually to the President on the operations of the system.
14 The Chairman of the Civil Service Commission shall from
15 time to time review policies and procedures followed in
16 the administration of the system and shall advise the Secre-
17 tary on any changes he believes desirable or necessary.

18 SEC. 6. This Act, except sections 2, 3, and 5, shall
19 become effective on enactment. Sections 2, 3, and 5 shall
20 become effective on January 1 of the year following
21 enactment.

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